

**MULTIMEDIA**



**UNIVERSITY**

**STUDENT ID NO**

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

**TRIMESTER 2, 2017/2018**

**BBL2824 – BUSINESS LAW**

(All sections / Groups)

03 MARCH 2018  
2.30 p.m. - 4.30 p.m.  
(2 Hours)

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### INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages with 4 Questions only.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

**QUESTION 1 (25 MARKS)**

- (a) Discuss the meaning of offer and invitation to treat and the situations which amount to an invitation to treat by referring to relevant sections and decided cases.

**(15 Marks)**

- (b) On 1 March 2018, Adam who lives next door to Hussain called on Hussain and offered to sell his iPad for RM1,000.00. On 3 March 2018, Hussain wrote and posted a letter to Adam accepting the offer. The letter as not addressed properly. Hence Adam received the letter of acceptance on 8 March 2018 instead of on 5 March 2018. On the evening of 6 March 2018, Adam telephoned Hussain and said, 'I revoked my offer.' Advise Adam.

**(10 Marks)**

**QUESTION 2 (25 MARKS)**

Neo runs a business of repairing computers. He decides to form a company to take over the business. He is the majority shareholder and one of the directors. Neo sells his business to the company at an inflated price and lends the company RM90,000 to help meet the cost of purchase. As security for the loan, Neo arranges a loan over a vacant block of land, which he transferred to the company as part of the business sale.

In the first year of operation, the business makes a small profit, but by the end of 2017, it is clear that the business is going down. Neo becomes desperate and works even harder. While working late into the night, Neo badly injures his hand and needs micro-surgery. However, his efforts to keep the business afloat are in vain and the company is forced into liquidation. On realisation of the assets, it is found that the company has approximately RM95,000 to go towards meeting creditors' claims of RM210,000:

- (a) If Neo is the only secured creditor, will he get his RM90,000 back?  
(b) Can Neo claim workers' compensation?

**Continued...**

**QUESTION 3 (25 MARKS)**

- (a) Discuss what is meant by executory, executed and past consideration. Is there any difference in the law on past consideration in Malaysia and at Common Law?

**(10 Marks)**

- (b) Section 27 of the Sales of Goods Act (1957) states that as a general rule, no one can transfer a better title than he himself possesses. So when a buyer buys goods from someone other than the owner of the goods, he will not obtain a good title, even though he had acted in good faith and without knowledge of the lack of title of the seller. However, the Act provides for exceptions to this rule. Briefly discuss these exceptions.

**(15 Marks)**

**QUESTION 4 (25 MARKS)**

- (a) Insurance contracts are *uberrimae fidei* (of the utmost good faith). Explain the meaning of this legal principle.

**(10 Marks)**

- (b) Richard had taken an insurance policy from MIA Assurance Company, in which he declared that he is in best health status. Few months later he passed away and Richard's widow, Jennifer claimed for the sum payable under the insurance from the insurance company. The company however refused to pay on the ground that Richard had been treated for prostate cancer some time before the taking of insurance policy and he did not disclose about it to the insurance company. Based on Insurance Act 1963 (Revised 1972) and relevant cases, discuss whether or not MIA Assurance Company is bound to pay Jennifer.

**(15 Marks)**

**End of Paper**